

INTENDED USE PLAN
CLEAN WATER STATE REVOLVING FUND (CWSRF)
FY 2003 FEDERAL APPROPRIATION



Prepared by the
Tennessee Department of Environment and Conservation
Division of Community Assistance

**CWSRF Intended Use Plan
FY 2003 Federal Appropriation
For FY 2003/2004 State Fiscal Year**

A. Introduction:

The State agrees to submit to the Environment Protection Agency (EPA), as part of its annual application for a Capitalization Grant under Title VI of the Water Quality Act of 1987, an Intended Use Plan which meets the requirements of Section 606(c) of the Act and the Operating Agreement.

These requirements of the Act are as follows:

- (1) A list of those projects for construction of publicly owned treatment works on the State's priority list; and a list of activities eligible for assistance under Section 319 of the Act;
- (2) A description of the short and long term goals and objectives of the state's water pollution control revolving fund;
- (3) Information on the activities to be supported;
- (4) Assurances and specific proposals for meeting certain requirements of the Capitalization Grant Agreement; and
- (5) The criteria and methods established for the distribution of state revolving funds.

The Intended Use Plan (IUP) serves as the planning document for explaining how the fiscal year 2003 (FY) appropriations for the Clean Water State Revolving Fund (CWSRF) will be used. As currently developed, the CWSRF IUP identifies the specific projects and activities associated with the federal appropriation for FY 2003 of \$19,240,551 federal dollars along with the appropriated state match of \$3,848,110.20. Table I lists the summary of funds available as a result of the Federal Capitalization Grant.

B. Listing of CWSRF Projects:

The State shall include a list of eligible projects for receiving loans from the above mentioned funds. Appendix D lists the CWSRF projects that are being considered by the Tennessee Department of Environment and Conservation (TDEC) for potential funding. In addition to the projects listed, TDEC may consider existing projects for loan increases and other CWSRF eligible projects.

The CWSRF project list may include nonpoint source (NPS) projects since the State's NPS Assessment and Management Program is approved.

Appendix A identifies the proposed binding commitment schedule over seven (7) quarters for FY 2003 CWSRF funds. Appendix B lists the CWSRF quarterly disbursement schedule. This schedule anticipates the transfer of cash from the CWSRF to the assistance recipient and identifies the anticipated amount of federal dollars to be deposited into the CWSRF. Appendix C provides additional information on the CWSRF projects identified above. As mentioned earlier Appendix D lists the CWSRF projects that are being considered for potential funding.

Table I
Summary of Projected Funds Available as a Result of the
Federal Capitalization Grant

1.	Prior Year Carry-Over Funds		\$ 81,703,118
2.	Principle & Interest Receivable in FY 2003	+	\$ 29,321,569
3.	Interest on CWSRF Cash Projected During FY 2003	+	\$ 2,000,000
4.	FY2003 Capitalization Grant	+	\$ 19,240,551
5.	Less Set-asides:		
	04% Administration	-	\$ 769,622
6.	96% Balance to Project Fund	=	\$ 18,470,929
7.	20% of FY2003 Capitalization Grant matched by State	+	\$ 3,848,110
8.	CWSRF Project Fund	=	\$ 135,343,726

C. Short and Long-Term Goals/Objectives:

As required under the Act, the State is to identify the goals and objectives of its CWSRF Program. The goals as described below are not presented in any priority order.

The State has the following long-term goals and objectives for the CWSRF Program:

Goal #1: Maintain a self-sustaining revolving loan program through the CWSRF to provide local governments in Tennessee low-cost financial assistance for wastewater treatment projects.

Objective 1.A: To ensure financial stability of loan recipients by reviewing the financial history, loan security, and proposed user rates of loan applicants.

Objective 1.B: To ensure the use of accounting, audit, and fiscal procedures that conform with generally accepted government accounting standards.

Objective 1.C: To obligate funds in a timely manner and provide technical and administrative assistance for efficient project management.

Goal #2: Protect and enhance the water quality in Tennessee by ensuring the technical integrity of funded projects.

Objective 2.A: To ensure adequate and effective project planning, design, and construction management.

Objective 2.B: To maintain a priority ranking system and offer available funds to projects with the highest priority points that are ready to proceed.

In addition to these long term goals, the State has the following short-term goals for the CWSRF program.

Goal #3: Maximize funds available through cooperation with the EPA.

Objective 3.A: To prepare and submit an annual IUP; and prepare and submit along with the IUP an application for the Capitalization Grant.

Objective 3.B: To submit an annual report to EPA covering the accomplishments of the IUP.

Goal #4: Manage an effective and efficient CWSRF Program.

Objective 4.A: To review and update administrative rules and guidance and standard operation procedures for the CWSRF program.

Objective 4.B: To coordinate and work with the Comptroller of the Treasury to ensure the best financing alternative to local governments.

D. Information On Activities To Be Supported:

Information pertinent to each CWSRF project is contained in Appendix C pursuant to Section 606(c)(3) of the Act. As identified in the Capitalization Grant application, the State intends to use 4% of the federal funds for administrative support. Based on the available FY 2003 appropriation for CWSRF, the State will use up to \$769,622 for administrative support in managing and operating the CWSRF program.

E. Criteria and Methods for Distributing Funds:

The State's Priority Ranking System rules, Chapter 1200-22-1, provide a clear objective order of ranking wastewater facilities projects. The basic criteria established under these rules places emphasis on water quality and public health concerns. The rationale for funding projects in an order other than that shown on the priority list shall be in accordance with the rules for the Priority Ranking System, Chapter 1200-22-1-.04.

The State legislation, the Wastewater Facilities Act of 1987, establishes a State Revolving Fund as an enduring and viable fund. Also, the State agrees that the CWSRF shall be maintained and be available in perpetuity for providing financial assistance as authorized and limited by the federal Water Quality Act of 1987.

The State's NPS Management Program has been approved and the IUP may include NPS projects and activities for funding under the CWSRF when viable projects are identified.

F. Assurances and Specific Proposals:

The State shall provide the necessary assurances and certifications described in the Operating Agreement submitted as part of the Capitalization Grant Application. This Agreement is the official operating agreement between the State of Tennessee and the U. S. Environmental Protection Agency.

Pursuant to Sections 606(c)(4) and 606(c)(5) of the Act, the State certifies that:

- (1) The State will enter into binding commitments equal to at least 120% of each quarterly grant payment within one year after receipt of the payment,
- (2) The State will expend all funds in the CWSRF in an expeditious and timely manner,
- (3) Funds will first be used to assure maintenance of progress toward compliance with enforceable deadlines, goals, and requirements of the Act,
- (4) The State agrees to commit or expend each quarterly capitalization grant payment in accordance with the State's own laws and procedures.

In addition, the State certifies that it will conduct environmental reviews on wastewater facility projects in satisfying the NEPA-like requirements. The State's NEPA-like procedures are contained in the approved Operating Agreement.

G. Annual Report:

Section 606(d) requires that beginning the first fiscal year after receiving payments under the CWSRF the State shall provide an Annual Report to the EPA. The Annual Report shall be submitted to EPA within 90 days after the end of the fiscal year covered by the IUP. This report shall identify loan recipients, loan amounts and terms, similar details on other forms of financial assistance provided from CWSRF, and other such information as EPA may require.

H. MBE/WBE Goals:

In accordance with federal Executive Order 11625 dated October 13, 1971, and Executive Order 12138 dated May 18, 1979, the local government must make a good faith effort to include participation from minority and women's businesses in sub-agreement awards. The MBE fair share goal is 2.6% for construction and 6.6% for supplies, services and equipment. The WBE fair share goal is 2.6% for construction and 6.6% for supplies, services and equipment.

I. Public Review and Comment:

A public meeting was held on May 15, 2003, in Nashville, to review the FY 2003 IUP and to receive comments on the IUP. The TDEC formally issued a public notice on April 15, 2003, to solicit participation in the public meeting. A summary of the public meeting is on file in the Department. A copy of the IUP is posted on the Departments website located at <http://www.state.tn.us/environment/dca/cwsrflp.htm> .

Appendices

- A. CWSRF Binding Commitment Schedule
- B. CWSRF Quarterly Disbursements Schedule
- C. CWSRF Project Information
- D. CWSRF Projects for Potential Funding
- E. Public Notice, May 15, 2003

APPENDIX A
PROPOSED CWSRF BINDING COMMITMENT SCHEDULE

<u>Quarter</u>	<u>Amount</u>
October 1, 2003 - December 31, 2003	\$ 5,000,000
January 1, 2004 - March 31, 2004	5,000,000
April 1, 2004 - June 30, 2004	9,240,551
July 1, 2004 - September 30, 2004	-0-
October 1, 2004 - December 31, 2004	-0-
January 1, 2005 - March 31, 2005	-0-
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Total	\$19,240,551

APPENDIX B
CWSRF QUARTERLY DISBURSEMENTS SCHEDULE
AUTOMATED CLEARING HOUSE DRAWS
(Quarters are based on Federal fiscal year)

<u>FY 2004</u>	<u>Amount</u>
Qt 1	-0-
Qt 2	3,000,000
Qt 3	7,000,000
Qt 4	3,000,000
 <u>FY 2005</u>	
Qt 1	\$ 2,000,000
Qt 2	3,000,000
Qt 3	<u>1,240,551</u>
 Total	 \$19,240,551

CWSRF Projects
Information

Appendix C

PROJECT	PROJECT SCHEDULE				PROJECT ASSISTANCE					TECHNICAL INFORMATION			
Recipient Name	Binding Commitment	Const. Start	Const. Completion	Type*	Amount	%**	Repayment Period	Repayment Date	Project Description	Proj. Type (212 or 319)	EPA Needs Category (I, II, III-A, III- B, IV-A, IV- B, V, etc.)	Priority Points	Discharge Treatment Requirement (Secondary, Advanced, or N/A)
Athens	9/2003	2/2003	12/2005	L	\$ 16,250,000	2.40%	20yr	10/2006	Oostanaula Creek WWTP Expansion to 6 MGD	212	I	105.43	Secondary
Athens	9/2003	6/2003	5/2004	L	\$ 1,000,000	2.40%	20yr	11/2004	I/I Rehab in Subbasins 2, 3, 6, 9, 12, 14, & 15	212	III-A	70	N/A
Benton-Decatur Sewer District	9/2003	5/2003	5/2005	L	\$ 1,621,500	1.80%	20yr	12/2005	New Wastewater Treatment Plant and Collection System	212	IV-A, I	105	Secondary
Bolivar	6/2003	12/2003	12/2004	L	\$ 2,500,000	2.40%	20 yr	3/2005	Westover WWTP upgrade and pump station renovation	212	I	10	Secondary
Brownsville	9/2003	8/2003	8/2004	L	\$ 575,000	2.40%	20yr	12/2004	WWTP Improvements	212	I	106	Secondary
Clarksburg	9/2003	8/2003	3/2004	L	\$ 915,594	2.40%	20yr	7/2004	New Collection System	212	IV-A	12.5	NA
Clifton	8/2003	9/2003	2/2004	L	\$ 103,000	1.20%	20 yr	5/2004	Pump Station Upgrade	212	IV-B	10	N/A
Fairview	12/2003	6/2003	9/2004	L	\$ 1,200,000	2.40%	20yr	6/2005	WWTP Improvements	212	I	23	Secondary
Hartsville	12/2003	1/2004	7/2004	L	\$ 600,000	1.80%	20yr	9/2004	Sewer Rehabilitation	212	III-A	13	NA
Lawrenceburg	6/2003	6/2003	6/2006	L	\$ 12,500,000	3.60%	20 yr	9/2006	Expand WWTP from 2.5 to 4.5 MGD	212	I	19	Secondary
Lebanon	12/2003	3/2003	3/2004	L	\$ 2,070,000	3.60%	20yr	3/2005	WWTP Improv. Include. Sludge handling & odor control	212	I	10	Secondary
Lebanon	12/2003	3/2003	3/2004	L	\$ 980,000	3.60%	20yr	3/2005	Collection System for South Fork Subdivision	212	IV-A	10	N/A
Lebanon	12/2003	3/2003	3/2004	L	\$ 1,000,000	3.60%	20yr	3/2005	Collection System for Horne Springs Subdivision	212	IV-A	10	N/A
Lebanon	12/2003	3/2003	3/2004	L	\$ 350,000	3.60%	20yr	3/2005	Collection System for Georgetown Subdivision	212	IV-A	10	N/A
Loudon	6/2003	6/2003	06/2004	L	\$ 2,200,000	3.00%	20yr	9/2004	WWTP Expansion	212	I	105	Secondary
McMinnville	9/2003	4/2003	3/2004	L	\$ 2,150,000	2.40%	20 yr	11/2004	Construction of lime sludge stabilization process at WWTP	212	I	10	Secondary
Metro Moore Co./Lynchburg	12/2003	1/2004	7/2004	L	\$ 300,000	3.00%	20yr	9/2004	WWTP Improvements	212	I	12	Secondary
Monteagle	2/2004	3/2004	6/2005	L	\$ 650,000	2.40%	20yr	8/2005	WWTP Modifications, Plant No. 2	212	I	9	Secondary
Mt. Juliet	2/2004	3/2004	3/2005	L	\$ 1,950,000	4.80%	20yr	6/2005	Beckwith Road Interchange at I-40 Sewerage Facilities	212	IV-A	12.5	NA
Mt. Juliet	12/2003	9/2003	9/2004	L	\$ 900,000	4.80%	20yr	3/2005	Hwy 70 W Sewerage Faciliteis - Phase II	212	IV-A	12.5	NA
Mt. Juliet	12/2003	8/2003	3/2004	L	\$ 665,000	4.80%	20yr	10/2004	Cedar Creek Interceptor Sewer Extension	212	IV-A	12.5	NA
Nashville	6/2003	12/2002	1/2007	L	\$ 25,000,000	4.80%	20 yr	4/2007	Biosolids Dewatering Building - Phase I	212	I	10	Secondary
Nashville	6/2003	12/2002	1/2007	L	\$ 20,000,000	4.80%	20 yr	4/2007	Biosolids Digestion Facility - Phase II	212	I	10	Secondary
Nashville	6/2003	12/2002	1/2007	L	\$ 30,000,000	4.80%	20 yr	4/2007	Biosolids Drying Facility - Phase III	212	I	10	Secondary
Nashville	6/2003	12/2002	3/2005	L	\$ 35,000,000	4.80%	20 yr	4/2007	Compreshensive Odor Control	212	I	10	Secondary
Ripley	9/2003	3/2003	3/2004	L	\$ 7,445,000	1.20%	20yr	3/2005	New Wastewater Treatment Lagoon, Effluent Pump Station, and 12-mile Effluent Force Main	212	I, IV-A	22.6	Secondary
Surgoinsville	12/2003	6/2003	6/2004	L	\$ 2,300,000	1.80%	20yr	3/2005	New collection system	212	IV-A	12.5	N/A
Trezevant	12/2003	8/2003	1/2004	L	\$ 82,120	1.80%	20yr	8/2004	Collection System to Adkisson & Oak Street	212	IV-A	12.5	NA
Tusculum	12/2003	8/2003	12/2004	L	\$ 3,367,000	1.20%	20yr	7/2004	New WWTP	212	I	12.5	Secondary
TOTAL ***					\$ 173,674,214								

* L=CWSRF Loan

** % based on market rate of 6.0%

Tennessee State Revolving Fund Loan Program (SRF)
Projects for potential funding

Appendix D

Name of Community	Project Type/Description	Project Amount (\$)
Athens	Oostanaula Creek WWTP renovation and expansion and sewer collection system rehabilitation	\$ 16,250,000
Athens	I/I Rehab in subbasins 2,3,6,9,12,14,15	\$ 1,000,000
Benton-Decatur Sewer District	New Wastewater Treatment Plant and Collection System	\$ 1,621,500
Lawrenceburg	Expand WWTP from 2.5 to 4.5 MGD	\$ 12,500,000
McMinnville	Construction of lime sludge stabilization process at WWTP	\$ 2,150,000
Nashville	Biosolids Dewatering Building - Phase I	\$ 25,000,000
Nashville	Biosolids Digestion Facility - Phase II	\$ 20,000,000
Nashville	Biosolids Drying Facility - Phase III	\$ 30,000,000
Nashville	Comprehensive Odor Control	\$ 35,000,000
Ripley	New Wastewater Treatment Lagoon, Effluent Pump Station, and 12-mile Effluent Force Main	\$ 7,445,000
Clifton	Pump Station Upgrade	\$ 103,000
Lebanon	WWTP Improv. Include. Sludge handling & odor control	\$ 2,070,000
Lebanon	Collection System for South Fork Subdivision	\$ 980,000
Lebanon	Collection System for Home Springs Subdivision	\$ 1,000,000
Lebanon	Collection System for Georgetown Subdivision	\$ 350,000
Surgoinsville	New collection system	\$ 2,300,000
Loudon	WWTP Expansion	\$ 2,200,000
Bolivar	Westover WWTP upgrade and pump station renovation	\$ 2,500,000

\$ 162,469,500



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
Division of Community Assistance
8th Floor, L & C Tower
401 Church Street
Nashville, TN 37243-1533

April 15, 2003

PUBLIC NOTICE

TO ALL POTENTIAL STATE REVOLVING FUND (SRF) LOAN APPLICANTS AND INTERESTED PARTIES:

CLEAN WATER SRF (CWSRF) LOAN PROGRAM:

The Tennessee Department of Environment and Conservation (TDEC), Division of Community Assistance (DCA) is in the process of applying for fiscal year (FY) 2003 EPA Capitalization Grant for the CWSRF loan program. The FY 2003 EPA CWSRF grant allotment to Tennessee is \$19,240,551 and requires a twenty percent (20%) state match of \$3,848,110.20.

DRINKING WATER SRF (DWSRF) LOAN PROGRAM:

The Tennessee Department of Environment and Conservation (TDEC), Division of Community Assistance (DCA) is in the process of applying for fiscal year (FY) 2003 EPA Capitalization Grant for the DWSRF loan program. The FY 2003 EPA DWSRF grant allotment to Tennessee is \$8,145,000 and requires a twenty percent (20%) state match of \$1,629,000.

DCA will conduct public meetings on **Thursday, May 15, 2003, at 1:00p.m. CDT** for CWSRF and **2:00p.m. CDT** for the DWSRF in the **17th Floor Conference Room B of the L & C Tower, 401 Church Street, Nashville, Tennessee**, to present and receive comments on the FY 2003 Intended Use Plan for the CWSRF capitalization grant application and the FY 2003 Intended Use Plan for the DWSRF capitalization grant application.

The Intended Use Plan includes the priority list of potential loan recipients, the intended uses of the set-asides for non-project activities, program goals, and explanation of the priority system and affordability criteria. The Draft and amended IUP's will become final following a ten (10) day comment period after the public meeting.

If you are unable to attend the meeting, but would like to review the CWSRF FY 2003 Intended Use Plan, or the DWSRF FY 2003 Intended Use Plan or both, please contact James Smith, DCA at (615) 532-0457. All comments must be received in our office no later than May 25, 2003. Comments may be mailed to the letterhead address above, or submitted on the Internet via e-mail to James.E.Smith@state.tn.us, or sent to facsimile number (615) 532-0199.

Individuals with disabilities who wish to participate in these proceedings (or to review these filings) should contact the Tennessee Department of Environment and Conservation to discuss any auxiliary aids or services needed to facilitate such participation. Such contact may be in person, by writing, telephone, or other means and should be made no less than ten days prior to the scheduled meeting date (date such party intends to review such filings), to allow time to provide such aid or services. Contact the Tennessee Department of Environment and Conservation ADA Coordinator, John White, 12th Floor L&C Tower, 401 Church Street, Nashville, Tennessee 37243, (615) 532-0207. Hearing impaired callers may use the Tennessee Relay Service (1-800-848-0298).